

MINUTES

MEETING NAME Credit Committee

Meeting number 38

Date of meeting 7 September 2018

Venue ELEXON Ltd, 350 Euston Road, London NW1 3AW

Classification Public

ATTENDEES AND APOLOGIES

Attendees	Michael Gibbons	MG	Chairman (teleconference)
	Lisa Waters	LW	Member (teleconference)
	Gary Henderson	GH	Member (teleconference)
	Andrew Colley	AC	Member (teleconference)
	Nick Baker	NB	ELEXON
	Sabina Bham	SB	ELEXON

Apologies	Stuart Cotten	SC
	Barbara Vest	BW

INTRODUCTION

1. Credit Committee

- 1.1. Introductions and apologies were made and all attendees were confirmed.
- 1.2. Views from a Credit Committee member who could not attend, were sent in advance and taken into account during the meeting.

DECISION PAPER

2. Review of the Credit Assessment Price (CAP) – CC38/01

- 2.1. ELEXON presented the CAP Review paper to the Credit Committee. On Tuesday 28 August 2018, the reference price was £66.75/MWh. This breached the CAP review trigger level of +/- £6/MWh, as it was £7.75/MWh above the last notified CAP value of £59/MWh.
- 2.2. ELEXON issued a consultation to industry on 28 August 2018 proposing a new CAP value of £70/MWh. All responses and Credit Committee members were not in agreement with the proposed value and therefore, a Credit Committee meeting was held.
- 2.3. The Credit Committee was invited to determine whether the CAP value should be revised and, if so, the new value. A new CAP value must come into effect no sooner than the 15th Business Day after the notification to industry. Therefore, a new CAP could only become effective from Friday 28 September 2018.

MINUTES

- 2.4. The Credit Committee considered the consultation response and discussed the recent trend of forward market prices. The proposed CAP of £70/MWh was deemed to not be suitable based on the increase of forward market prices since the consultation was issued.
- 2.5. The Credit Committee discussed a range of values for the CAP between £73/MWh and £77/MWh. The values were based on the latest reference price data provided in CC38/01, and the projected reference price around the proposed implementation date. Forward market prices for November and December will be used in the reference price calculation, two Working Days after the proposed implementation date. The Committee discussed the current drivers of the market including Carbon prices and their potential impact on the reference price. The Credit Committee also agreed to try and set a CAP which would not immediately be breached again, in order to provide stability for BSC Parties.
- 2.6. After all views and latest data provided by ELEXON were taken into consideration, the Credit Committee unanimously voted for the new CAP value to be set at the value of £75/MWh. The new CAP will be effective from 28 September 2018.
- 2.7. ELEXON also invited the Credit Committee to review the CAP trigger level, currently set to +/- £6/MWh. The Credit Committee discussed a trigger level of +/-£7/MWh, but unanimously agreed to keep the trigger level at its current value. The rationale behind the decision was that if the reference price decreases in coming months, a lower trigger will initiate another review in the CAP sooner.

3. Any other business

- 3.1. At the request of the Credit Committee it was agreed for MG, in role as Chairman of the Committee and the Panel, to write to Ofgem, notifying them of the conclusions of Credit Committee Meeting 38, the increase in the CAP to £75/MWh and the potential impact to industry.

4. The Credit Committee:

- a) **NOTED** the content of the paper;
- b) **APPROVED** an alternate CAP value, in light of more recent market data and the potential implementation date, of £75/MWh ;
- c) **AGREED** that the trigger level remain unchanged at +/- £6/MWh; and
- d) **CONFIRMED** that the new value of the CAP will go live on Friday 28 September 2018.